GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4867
ANSWERED ON:10.05.2007
FINANCIAL ASSISTANCE TO FPI THROUGH BANK
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the scheme for providing financial assistance for setting up of food processing industries is now being channalised through the selective banks;

(b) if so, the details thereof;

(c) whether the Government is aware of the difficulties being face by the entrepreneurs in dealing with the banks and the banks are not giving the required priority for development of Food Processing Industries in the country;

(d) if so, whether the Government proposes to implement by the Ministry of Food Processing Industries instead through banks; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI)

(a) & (b): The scheme for Technology Upgradation/ Establishment/ Modernization of Food Processing Industries which was being implemented during 10th Plan is being continued during the 11th Plan period. During the 10th Plan, the applicant units engaged in setting up, technology upgradation, and modernization of Food Processing Industries were required to submit the proposal to the Ministry through the State Nodal Agencies which are State Government departments / corporations. In the 11th Plan, in order to provide greater support to the sector, speedy disposal of applications and wider coverage of its benefits to the food processing industries in the country, it has been decided to decentralize the implementation of the scheme through banks / financial institutions. Planning Commission, while approving the budget allocation for the Annual Plan 2007- 08, has emphasized that financial assistance for the scheme should be done through various banks in a decentralized manner.

(c) to (e): In case of most of the applications received under this scheme, it has been found that the applicant has availed term loan/working capital loan etc. from some bank or the other. The entrepreneurs are thus in closer touch with banks and financial institutions for the purpose of appraisal of their project proposals and also for sanctioning of term loans and, therefore, are more accessible to them. Since banks are expected to appraise the proposal while sanctioning their loan, it may not be necessary to repeat the appraisal at the Ministry again. In the decentralized implementation of the Scheme, the objective is to provide a thrust and wider coverage for processed food sector in the country and to decentralize the procedure for appraisal, grant of financial assistance and monitoring through banks/financial institutions.

The decision to decentralize disbursement procedure under the above Scheme was taken to speed up the disposal of cases, improve viability of the food processing units and facilitate better monitoring of implementation. Decentralized disbursement procedure will avoid delay in sanctioning financial assistance under the Scheme at the centralized level in the Ministry. Decentralization is, therefore, aimed at providing services of the Government closer to the citizens, streamlining the existing procedure and increasing reach and availability of assistance to larger sections of society. However, the decentralized scheme will be under constant monitoring by the Ministry. A review on efficiency and appropriateness for implementing the scheme through banks will be made after decentralized procedure makes some progress.